

Message Text

LIMITED OFFICIAL USE

PAGE 01 LIMA 08642 172315Z

60

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 /086 W

----- 026836

P 172300Z OCT 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 7261

LIMITED OFFICIAL USE LIMA 8642

E.O. 11652: N/A

TAGS: EIND, EINV, PFOR, PE

SUBJECT: GULF NEGOTIATIONS WITH GOP PROGRESS

REF: LIMA 8392

1. CECIL TOLD EMBASSY OFFICER OCTOBER 17 THAT HE HELD FRUITFUL CONVERSATION WITH MINES MINISTRY OFFICIAL DR. CESAR DELGADO EARLIER SAME MORNING. DELGADO AGREED TO GULF SUGGESTION THAT BOTH SIDES INDEPENDENTLY EVALUATE ALL ASSETS OF THE COMPANY, AND THEN COMPARE THEIR FIGURES AS SOON AS POSSIBLE. DELGADO ALSO STATED THAT AFTER THE MINES MINISTRY AND GULF REACH AN UNOFFICIAL, INFORMAL UNDERSTANDING IT WOULD THEN BE RATIFIED BY THE PERUVIAN JUDGE IN ACCORDANCE WITH THE EXPROPRIATION DECREE. (THIS MEETS GULF'S DESIRE TO WORK OUT THE FIGURES WITH TECHNICAL EXPERTS RATHER THAN HAVING TO DEAL DIRECTLY WITH A PERUVIAN JUDGE ON THE QUESTION OF EVALUATING THE ASSETS.)

2. CECIL SAID THAT DELGADO REITERATED HIS INTEREST IN A NEGOTIATED SOLUTION, AND NOTED SPECIALLY THAT THE GOP WISHED TO AVOID "IMAGE PROBLEMS" ABROAD BECAUSE OF THE GULF EXPROPRIATION. CECIL SAID HE ASSUMED THAT DELGADO HAD RECEIVED INSTRUCTIONS FOLLOWING THE CABINET MEETING ON TUESDAY TO TAKE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LIMA 08642 172315Z

HIS FORTHCOMING POSITION ON EVALUATION OF THE ASSETS.

DELGADO AND CECIL BOTH WERE IN ACCORD THAT NET BOOK BALUE WOULD BE USED TO CALCULATE THE VALUE OF THE ASSETS TO BE COMPENSATED. CECIL PERSONALLY ESTIMATES THAT THIS FIGURE MAY BE IN THE RANGE OF \$1.5 TO \$1.6 MILLION.

3. CECIL ASKED DELGADO ABOUT GULF'S INTEREST IN RECEIVING COMPENSATION FOR EARNINGS LOST AS A RESULT OF CANCELLATION OF THE SALES CONTRACT. DELGADO SAID HE PREFERRED TO DISCUSS THIS POINT AT A LATER DATE. CECIL TOLD US THAT GULF HAD BEEN EARNING APPROXIMATELY \$300,000 ANNUALLY ON THE CONTRACT AND SINCE IT HAD THREE YEARS TO RUN, GULF IS OF THE OPINION THAT IT SHOULD BE COMPENSATED APPROXIMATELY \$1 MILLION FOR THIS LOST REVENUE. CECIL ALSO NOTED, HOWEVER, THAT PRIOR TO EXPROPRIATION, GULF HAD OPENED NEGOTIATIONS WITH PETROPERU TO CANCEL THE CONTRACT. EMBASSY OFFICER ASKED CECIL IF HE BELIEVED THAT GOP WOULD BE WILLING TO PAY COMPENSATION FOR CONTRACT GULF HAD ALREADY EXPRESSED INTEREST IN CANCELLING. CECIL SAID HE COULD NOT COMMENT AT THIS TIME ON WHETHER GULF HEADQUARTERS WOULD INSIST ON COMPENSATION AND AGREED WITH EMBASSY OFFICER'S OVSERVATION THAT THERE WERE MANY FORMS COMPENSATION COULD TAKE SO THAT SOME ARRANGEMENT COULD PROBABLY BE NEGOTIATED.

4. COMMENT: DELGADO'S CANDID AND CONSTRUCTIVE ATTITUDE INDICATES THAT GOP HAS FOCUSED ON THIS ISSUE, AND APPEARS WILLING TO WROK TOWARD A MUTUAL SETTLEMENT TO BHE BENEFIT OF BOTH PARTIES. CECIL PLANS TO RETURN TO LIMA IN ABOUT TEN DAYS TO MEET AGAIN WITH DELGADO WHO WILL BE OUT OF THE COUNTRY NEXT WEEK. AT THAT TIME, IT IS PLANNED THAT BOTH SIDES WILL PRESENT THEIR FIGURES FOR COMPARISON. CECIL SAID HE WAS VERY PLEASED WITH THE WAY MATTER IS PROGRESSING.
DEAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, ASSETS, COMPENSATION, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LIMA08642
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750361-0577
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751043/aaaabmjj.tel
Line Count: 94
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 LIMA 8392
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 12 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 SEP 2003 by CunninFX>; APPROVED <20 OCT 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GULF NEGOTIATIONS WITH GOP PROGRESS
TAGS: EIND, EINV, PFOR, PE, GULF OIL CORP, (DELGADO, CESAR)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006